



# PRINCE WILLIAM COUNTY

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## Prince William County, Virginia Internal Audit Report: Prince William – Manassas Regional Adult Detention Center

May 15, 2018



## TABLE OF CONTENTS

Transmittal Letter .....	1
Executive Summary .....	2
Background .....	4
Objectives and Approach .....	15
Observations Matrix .....	16

**TRANSMITTAL LETTER**

May 15, 2018

The Board Audit Committee of  
Prince William County, Virginia  
1 County Complex Court  
Prince William, Virginia 22192



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Pursuant to the internal audit plan for calendar year (“CY”) 2018 for Prince William County, Virginia (“County” / “PWC”), approved by the Board of County Supervisors (“BOCS”), we hereby present the internal audit of the Prince William – Manassas Adult Detention Center (“ADC”). We presented a preliminary draft of this report to the Board Audit Committee on June 26, 2018, and to the Prince William – Manassas Regional Jail Board on July 18, 2018. We will be presenting this report to the Board Audit Committee of Prince William County at the next scheduled meeting on September 18, 2018.

Our report is organized into the following sections:

<b>Executive Summary</b>	This provides a high-level overview and summary of the observations noted in our internal audit of the ADC.
<b>Background</b>	This provides an overview of the ADC, as well as relevant background information.
<b>Objectives and Approach</b>	The objectives of this internal audit are expanded upon in this section, as well as a review of our approach.
<b>Observations Matrix</b>	This section includes a description of the observations noted during our internal audit and recommended actions, as well as Management’s response including responsible party, and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,

*RSM US LLP*

**Internal Auditors**

## EXECUTIVE SUMMARY

### Background

The Prince William – Manassas Adult Detention Center (ADC) was established in 1982 and is a regional jail, serving the citizens of Prince William County, as well as the independent cities of Manassas and Manassas Park.

Regional jails provide inmate space to multiple localities, which may or may not operate their own local jail facilities.

The ADC is comprised of six buildings, four of which house inmates, and an additional two for Human Resources training and warehousing. Operations are overseen by the ADC Superintendent. The Central, Modular, and Main buildings are occupied by inmates of low, medium, and maximum security custody classifications - separated based on the security custody level assignment. The Iron Building houses only inmates in the Work Release program. Per the County's FY 2019 Adopted Budget, the ADC consists of four facilities with a state-rated inmate capacity of 667, and a maximum management capacity of 1,020. As of May 15, 2018, there are a total 1,052 system-wide inmates in the ADC, 59 of which are in the Work Release Program.

The ADC and its governing Jail Board operate under authority granted by Title 53.1, Chapter III, Article V Prisons and Methods of Correction, *Code of Virginia*. The Jail Board is composed of 11 members from the two member jurisdictions, Prince William County and the City of Manassas. The PWC Sheriff sits on the Jail Board by statutory authority; eight additional members are appointed by the Prince William Board of County Supervisors, and two by the Manassas City Council.

As published by the ADC, its primary responsibilities are to:

- *Protect the community by providing for the secure, safe and healthful housing of prisoners admitted to the ADC,*
- *Ensure the safety of the ADC staff*
- *Conduct rehabilitative programs to reduce recidivism among released prisoners, and*
- *To do these things in as cost-effective manner as possible.*

Fieldwork was performed February 2018 through May 2018.

### Objective and Scope

The objective of this internal audit was to evaluate the Prince William – Manassas Adult Detention Center by reviewing, benchmarking and analyzing comparative data of the ADC as compared to other organizations, including the ADC's use of funds in fulfilling its mission. The scope of our work included the following:

- Gain an understanding of applicable regulations and determine the extent to which the ADC complies with selected applicable regulations;
- Determine that policies and procedures are effective, documented and in place and evaluate the extent to which the ADC complies with its policies and procedures – such as assignment of the inmate jurisdiction at the time of commitment and nature of the case;
- Assess detective controls around case file review as related to the assignment of an inmate jurisdiction;
- Assess the completeness and accuracy of the jurisdiction billing process;
- Identify and analyze key performance indicators and benchmark of surrounding regional and local jails;
- Analyze revenue and expenditure trends; and
- Assess whether records and documentation are sufficient to establish an audit trail for all transactions associated with key processes, where applicable.

### Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or 'brand' risk'.

### Summary of Observation Ratings

(See page 3 for risk rating definitions)

	High	Moderate	Low
Internal Audit: Prince William – Manassas ADC Adult Detention Center	-	1	1

## EXECUTIVE SUMMARY – CONTINUED

### Observations Summary

Below is a summary listing of the observations that were identified in the scope of this internal audit. Detailed observations are included in the observations matrix section of the report.

Summary of Observations	
Observations	Rating
1. Inmate Jurisdiction Assignment	Moderate
2. City of Manassas Park's Prisoner Per Day Rate	Low

Provided below is the observation risk rating definitions for the detailed observations reported in the observations matrix section of the report.

Observation Risk Rating Definitions	
Rating	Explanation
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

## BACKGROUND

The Prince William – Manassas Adult Detention Center was established in 1982 and is a regional jail, serving the citizens of Prince William County, as well as the independent cities of Manassas and Manassas Park.

Regional jails provide jail space to multiple localities, which may or may not operate their own local jail facilities.

The ADC is comprised of six buildings, four of which house inmates, and an additional two for Human Resources training and warehousing. Operations are overseen by the ADC Superintendent. The Central, Modular, and Main buildings are occupied by inmates of low, medium, and maximum security custody classifications - separated based on the security custody level assignment. The Iron Building houses only inmates who are in the Work Release Program. As published in the County's FY 2019 Adopted Budget, the ADC consists of four facilities with a state-rated inmate capacity of 667, and a maximum management capacity of 1,020. As of May 15, 2018, there are a total of 1,052 inmates system-wide in the ADC, 59 of which are in the Work Release program. The primary population management strategy used by the ADC is double bunking.

The ADC and its governing Jail Board operate under authority granted by Title 53.1, Chapter III, Article V Prisons and Methods of Correction, *Code of Virginia*. The Jail Board is composed of 11 members from the two member jurisdictions, Prince William County and City of Manassas. The PWC Sheriff sits on the Jail Board by statutory authority; eight additional members are appointed by the Prince William Board of County Supervisors, and two by the Manassas City Council.

### Financial Overview

The ADC has four primary sources of revenue which include funding from the Commonwealth of Virginia ("Commonwealth"), Prince William County, and the Cities of Manassas and Manassas Park. Other sources of revenue include federal inmate reimbursement and minimal earnings on services provided by inmates. Per the "FY 2017 ADC Annual Report" the ADC reported revenues of \$45,604,522, which is a 9.55% favorable variance from budget. ADC's most significant operating expenditures are personnel costs – salary and fringe benefits. Other significant expenditures are incurred for the housing and care of inmates. Reported expenditures for fiscal year ("FY") 2017 were \$41,445,509, a 2.51% favorable variance from budget.

There are five separate government entities which fund the ADC, each having its own process by which the amount due is determined.

- **Prince William County** - Both Prince William County and the City of Manassas are owners of the ADC, with PWC being the majority owner. The percentage of ownership varies each fiscal year, in direct correlation with the ratio of prisoner days served by inmates on a City of Manassas arrest warrant as compared to total prisoner days served on either City of Manassas or PWC warrants. Historically, the ownership allocation is close to 11% City of Manassas and 89% Prince William County. Collectively the two jurisdictions are responsible for both operating costs and capital outlay (City of Manassas buys in to capital at 6.7%, however, PWC has not budgeted any capital construction costs from the City of Manassas for Phase II, only the 50% reimbursement that has been approved by the State). For operating costs, the amount due is based on the net expenditures actually incurred by the ADC during the fiscal year. The net expenditures amount due is allocated between PWC and the City of Manassas based on the ratio of the number of prisoner days served. The inmate is assigned a jurisdiction within the Offender Management System ("OMS") at the time of commitment, and all days served by the prisoner are associated with the assigned jurisdiction.
- **City of Manassas** – The City of Manassas is responsible for a proportionate amount of net operating expenditures as described above. At the beginning of the fiscal year a budget is determined by the City of Manassas and each month an equal portion of that budget is paid to the ADC. At the close of the fiscal year a true-up calculation is performed by the ADC's Director of Financial Services, and the amount in excess of the original budget is paid by or refunded to the City of Manassas, as applicable.
- **City of Manassas Park** – The City of Manassas Park does not own any portion of the ADC. A monthly invoice based on commit (incarcerated) days multiplied by the agreed upon rate per prisoner day is billed. The current agreed upon rate per prisoner day is \$87, and has been in effect since 2013.

## BACKGROUND – CONTINUED

### Financial Overview – Continued

- **Commonwealth of Virginia** - The Commonwealth provides the ADC with funding for salary supplements and inmate housing reimbursement on a monthly basis, in a dollar amount determined by the State. The inmate housing reimbursement is determined based on inmate population data provided by the ADC. Any inmate serving a sentence of greater than one year is considered a Commonwealth inmate, for which \$12/day is funded. The Commonwealth provides \$4/day for local inmates. All pre-trial inmates are considered local and the Commonwealth rate is not applied retrospectively. For example, if an inmate is sentenced to two years and one year has already been served, then ADC would have received \$4/day for the first year and will receive \$12/day for the second year. ADC will not receive the delta of \$8/day for the first year already served. The ADC's Financial Services Department provides the Commonwealth with data on all inmates currently in custody and the Commonwealth determines the amount of funding to be provided. At the end of each month, the ADC's Financial Services Department selects a sample of inmates and recalculates the funding amount determined by the Commonwealth. Discrepancies are rare, and are investigated and resolved in the subsequent billing period.

As part of this operational audit over the ADC, results from the most recent state data audit performed by the Commonwealth's Compensation Board were reviewed. The Commonwealth's Compensation Board audit covered the period of June 2013 through September 2016. The purpose of the audit was to determine the reliability and integrity of information captured within the state's local inmate data system – the data which is used by the Commonwealth to determine the amount it funds to the local jails – and compliance with applicable policies, procedures, laws, and regulations. The audit sampled 98 out of 74,347 ADC inmate files, representing a statistical sample with 95% confidence. Overall, the Commonwealth's Compensation Board concluded that the payment requests and related disbursements were reasonably accurate. The three detail findings are summarized below.

- For one inmate, the Commonwealth's data indicated an inaccurate confinement code. As a result, the ADC was underfunded by \$3,784. The adjustment was booked during the course of the audit by the Commonwealth's Compensation Board.
  - For one additional inmate, the Commonwealth's data again indicated an inaccurate confinement code. However in this case, there was no impact to the per diem rate and as such no resulting funding adjustment.
  - Although the ADC does have a process in place to periodically reconcile the Commonwealth's data system to the ADC's OMS system, formal documentation of this reconciliation was not consistently retained. There was no formal evidence of approval by a second independent reviewer. Based on our procedures performed as part of this audit, this has been remediated.
- **Federal** - Inmates falling under the U.S. Immigration and Customs Enforcement ("ICE") Delegation of Immigration Authority Section 287 (g)/ Immigration and Nationality Act and inmates wanted by the U.S. Marshals are held at the ADC until they are released on local charges and moved to a federal facility. Per diem charges for these inmates are billed to the federal government on a monthly basis, at a per diem amount of \$84.63. This rate was agreed upon October 2011, per the U.S. Marshals' regulated formal request process. ICE falls under this process as well. The ADC is regulated to the \$84.63 rate for a minimum period of 72 months. Given the fixed time period which must elapse between each request for a rate adjustment, the ADC has decided to postpone a rate increase request until the completion of the Phase II Capital Improvement Plan in 2020. The billing process is similar to the City of Manassas Park, in which the ADC's Financial Services Department runs a billing report out of OMS which lists each individual inmate for whom reimbursement is sought. This detail is provided to the U.S. Marshals and ICE along with the monthly request for payment. If there are any discrepancies, the U.S. Marshals and ICE will contact ADC's Financial Services Department and adjustments are booked the following billing cycle.

## BACKGROUND – CONTINUED

### Financial Overview – Continued

Below is a breakdown of the ADC's funding sources and expenditures from FY 2013 – FY 2017 per the ADC Annual Reports:

Funding Source	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Prince William County	\$23,090,559	\$24,501,853	\$26,822,342	\$28,002,921	\$ 26,838,103
City of Manassas	2,927,466	2,430,578	3,700,356	3,796,713	5,664,981
City of Manassas Park	683,545	762,425	890,367	789,405	977,967
Commonwealth of Va	9,772,225	10,556,557	10,319,150	11,091,104	11,210,413
Federal	559,894	496,137	337,578	239,858	310,614
Miscellaneous	1,305,022	574,711	627,161	576,890	602,444
<b>Total</b>	<b>\$38,338,711</b>	<b>\$39,322,261</b>	<b>\$42,696,954</b>	<b>\$44,496,891</b>	<b>\$ 45,604,522</b>

*Miscellaneous includes: inmate room & board, work-release per diem, etc.*

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Expenditures	<b>\$38,858,073</b>	<b>\$42,897,659</b>	<b>\$42,428,369</b>	<b>\$43,092,497</b>	<b>\$ 41,445,509</b>

The following is a breakdown of the ADC's average daily population inmate population from FY 2013 – FY 2017 per data provided by the ADC:

Jurisdiction	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Prince William County	810	837	844	812	813
City of Manassas	111	111	105	105	105
Manassas Park	26	22	23	27	31
Federal	7	6	4	2	3
Other	4	9	4	6	11
<b>Total</b>	<b>958</b>	<b>985</b>	<b>980</b>	<b>952</b>	<b>963</b>

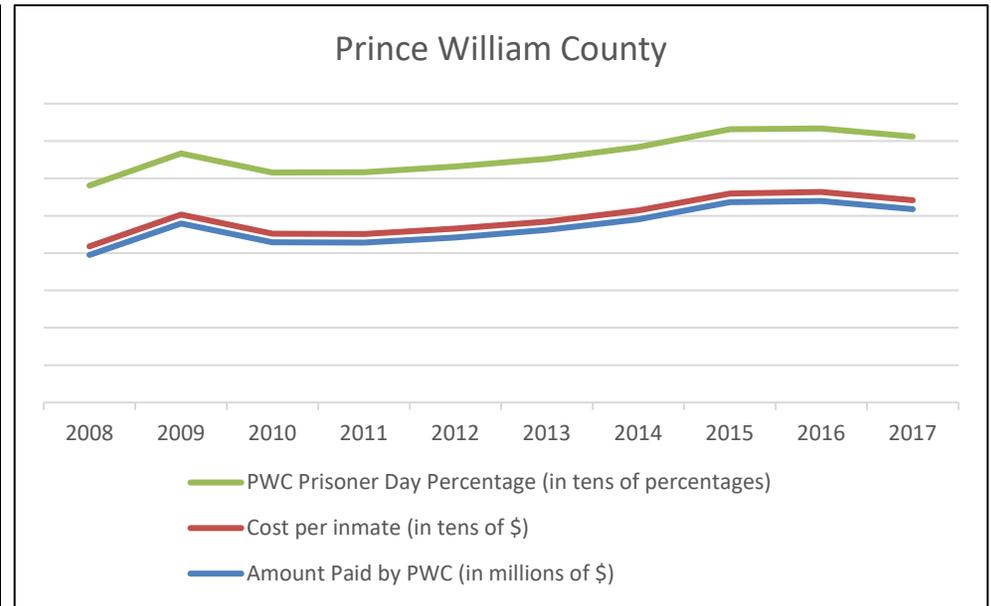
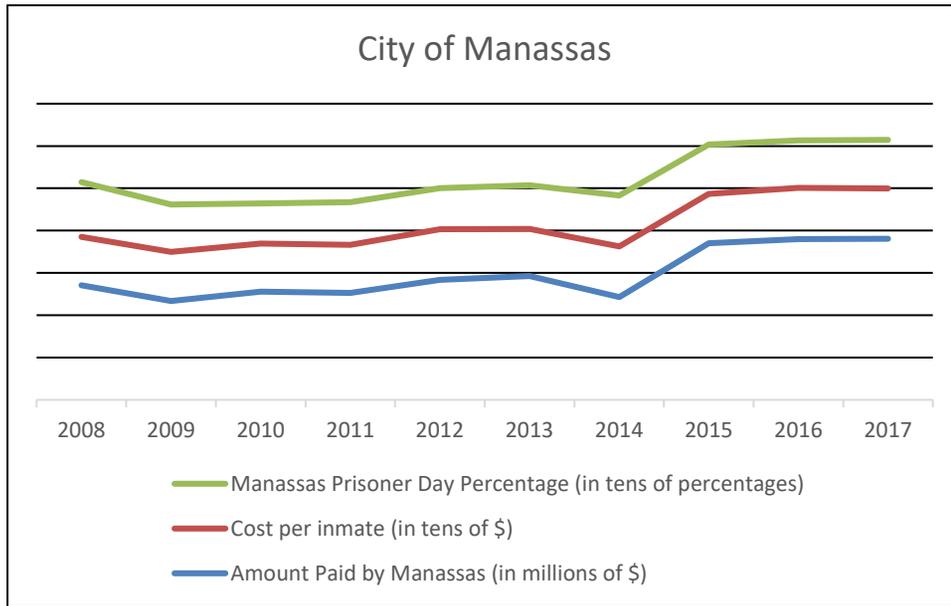


## BACKGROUND – CONTINUED

### Financial Overview – Continued

As relevant to the two owners of the ADC, analysis showed that the trend in number of prisoner days directly correlated with the trends in operating cost per inmate per day and the funding amounts paid by each owner. The two graphs below depict these trends as relevant to the ten year period of fiscal years 2008 through 2017.

For both jurisdictions, the data points making up the green trend line show the total number of prisoner days served that fiscal year by inmates detained on charges associated with the relative jurisdiction. The red trend lines show the actual costs per inmate and the blue trend line shows the total amount funded by each respective jurisdiction. In both illustrations, the amount charged to each owner (blue line) rises and falls in alignment with the trends in inmate capacity (green line) and cost (red line) – evidencing that the fluctuations in funding requirements are a direct result of facility operating expenditures.



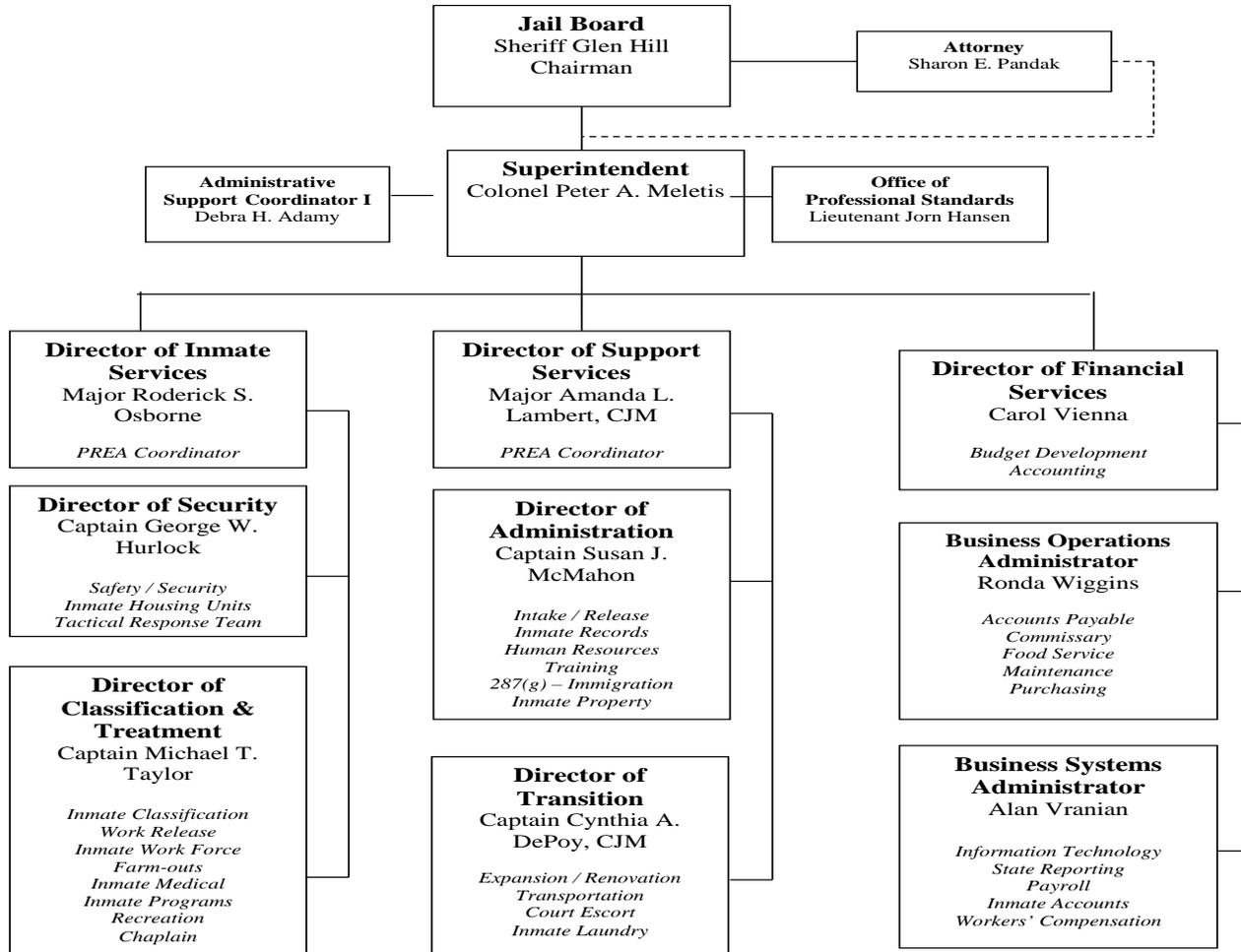


**BACKGROUND – CONTINUED**

**Organizational Chart**

Below is the ADC's organizational chart as of May 2018.

**ORGANIZATIONAL CHART**



## BACKGROUND – CONTINUED

### Inmate Population

As published within the County's FY 2019 Adopted Budget, the ADC consists of four facilities with a state-rated inmate capacity of 667, and a maximum management capacity of 1,020. In addition, other Virginia jails are used for excess housing above capacity at the current facilities, referred to as "farm-outs." Housing is managed by "double-bunking," filling ADC facilities beyond operational/rated capacity to what is termed "management capacity." Additional staff is used, when necessary, to manage the inmate population safely and securely. The following was noted during this review:

- Per review of an ADC presentation to the BOCS November 2014, it was reported that the ADC complex was operating at 156% state –rated inmate capacity in 2013, and projected inmate growth indicated that 842 additional beds are needed by 2028.
- Per review of the data within the Jail Cost Report for FY 2016 and as compared to the eight other facilities assessed as part of our benchmarking procedures, ADC has the highest average number of inmates per bed per day - with 1.43 inmates per bed per day.
- As of May 18, 2018, there are 1,052 inmates system-wide in the ADC – a 58% greater population than the state-rated capacity, and 3% greater than the maximum management capacity.

A facility expansion adjacent to the existing ADC is under construction, which will add 204 state-rated beds to the complex. Occupancy is currently scheduled for the third quarter of FY 2020. Per review of the County's Capital Improvement Plan, the total project cost is \$46.9M and the funding sources are as follows: \$20.8M from the County; \$21M from State reimbursement and \$5.1M from facilities capital reserve. Additional staffing of 100 FTEs 77 sworn positions and 23 non-sworn positions) has been approved and is being phased in over three (3) years beginning in FY 2018; 28 FTEs in FY 2018, 45 FTEs in FY 2019 and 27 FTEs in FY 2020. The expansion will provide bed space to alleviate current crowding and future inmate population growth.

The County just approved the ADC-recommended relocation of Work Release to the Judicial Complex to better utilize inmate housing facilities. Relocation will provide many operational efficiencies, to include increased staff accessibility on the complex.

The ADC will continue to use its internal inmate management plan, additional unit personnel, and farm-outs to manage the increasing inmate population during construction of the new facilities.

The ADC will also continue the Evidence-Based Decision Making ("EBDM") program in order to maintain the positive improvements to the criminal justice system in Prince William, Manassas and Manassas Park. Since 2015, these collaborative efforts based in research and data have focused on strategies to reduce harm, increase public safety, and assure the most effective and efficient use of public resources. Process improvements to the system have positively impacted the inmate population, stabilizing the dramatic population increase forecast by the 2014 Community Based Corrections Plan. Strategies to improve alternatives to incarceration, such as safely supervising lower risk defendants in the community, diverting defendants with mental illness to appropriate services rather than the ADC, and improving ADC programming to enhance successful re-entry and decrease recidivism have had a positive impact on inmate population. Additionally, on-going improvements in the court process are expected to further contribute to this positive impact

In addition to the expansion efforts currently underway as part of the Capital Improvement Plan, scheduled to be complete in 2020, the ADC will continue to assess and report to and work with PWC and the City of Manassas regarding expansion needs (buildings, staffing, etc.) to address future growth of the region.

## BACKGROUND – CONTINUED

### Comparisons Overview

Organizations of all types and sizes recognize the value of comparing themselves to other like organizations. This process of benchmarking yields valuable information to leaders and decision makers. Identifying comparable peer groups can be extremely challenging, as no two jurisdictions are exactly alike. There are, however, risks inherent in the benchmarking process. Organizations could account for data differently; thus, there are limitations to the comparisons. To address this potential limitation, we sourced our data from ‘published data’ from respective organization’s budget documents, web site and Comprehensive Annual Financial Report as well as the Commonwealth’s Compensation Board *Jail Cost Report*.

Financially and operationally relevant data for jails/prisons in the Commonwealth of Virginia was obtained from the most recently published “*Jail Cost Report*” issued by the Commonwealth’s Compensation Board, dated November 1, 2017, for FY 2016. In the *Jail Cost Report*, a snapshot of each jail/prison is provided that outlines (1) facility profile, (2) expenditures, and (3) revenues. The Commonwealth’s Compensation Board is a funding agency of the Commonwealth of Virginia, whose mission is to determine a reasonable budget for the participation of the Commonwealth toward the total cost of office operations for Constitutional Officers, and to assist those officers and their staff through automation, training and other means, to improve efficiencies and to enhance the level of services provided to the citizens of Virginia. The information presented in this report was submitted and certified for accuracy by the ADC’s Superintendent and Director of Financial Services.

Based on discussion with the ADC and review of the *Jail Cost Report*, the following peer regional areas and jails were selected for benchmarking. These were identified as having similar economic environments and a shared proximity to the Washington, D.C. metro area:

- Arlington County Detention Facility (“Arlington”)
- Alexandria Detention Center (“Alexandria”)
- Loudoun Adult Detention Center (“Loudoun”)
- Riverside Regional Jail (“Riverside”)
- Rappahannock Shenandoah Warren Regional Jail (“RSW”)
- Northwestern Regional Prison (“Northwestern”)
- Rappahannock Regional Prison (“Rappahannock”)
- Fairfax County Detention Center (“Fairfax”)

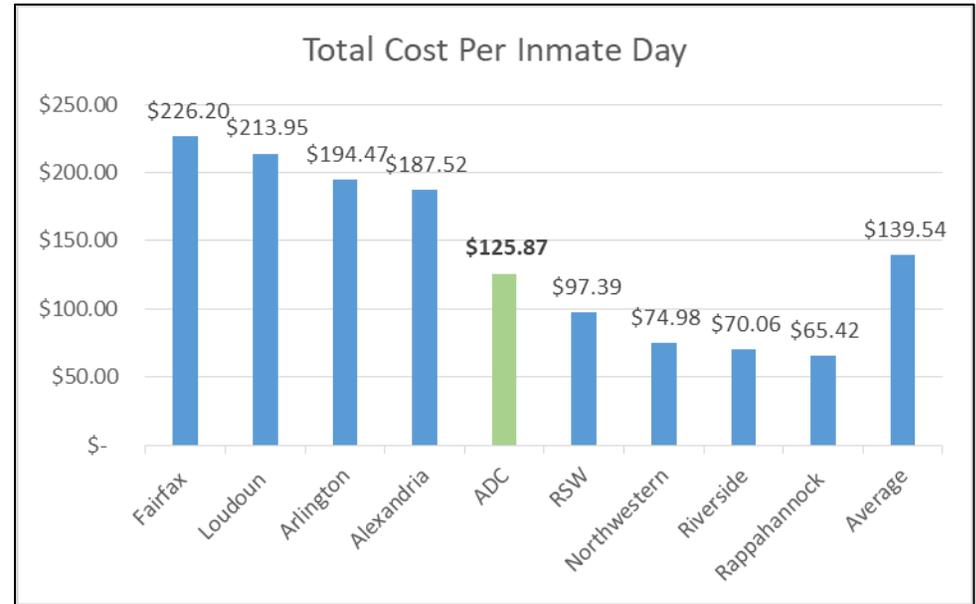


## BACKGROUND – CONTINUED

### Comparisons

Information from the selected peer profiles was analyzed to produce the metric comparisons summarized herein. As it relates to total inmate cost, with a daily inmate cost of \$125.87, ADC falls within the average range. Specifically, ADC falls beneath Arlington, Alexandria, Loudoun, and Fairfax. The ADC cost per inmate surpasses that of Riverside, RSW, Northwestern, and Rappahannock. The following is a listing of the costs included in this calculation:

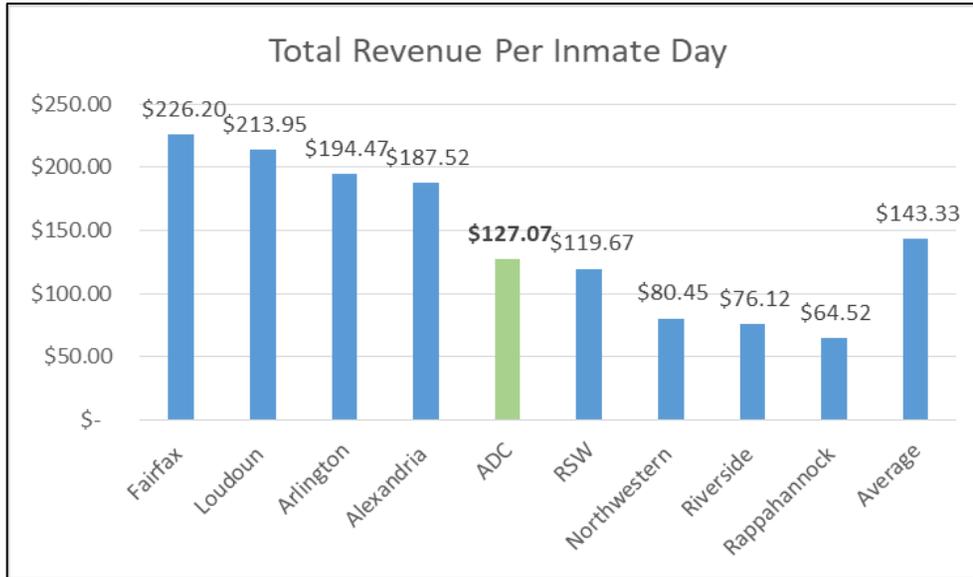
- Personnel
- Food Services
- Medical Services
- Inmate Programs
- Transportation
- Direct Jail Support
- Capital Accounts – Operating
- Other Jail Indirect Expenses
- Capital Accounts - Long Term
- Debt Service



The analysis shows that the most significant expenditure for all the prisons relates to personnel costs, which include all wages, salaries, and benefits. ADC again falls in the middle as it relates to the total personnel costs per inmate, with a total of \$91.70. This represents 72.9% of total inmate cost. The ADC personnel cost per inmate again falls beneath Arlington, Alexandria, Loudoun, and Fairfax. The ADC ranks above Riverside, RSW, Northwestern, and Rappahannock.

## BACKGROUND – CONTINUED

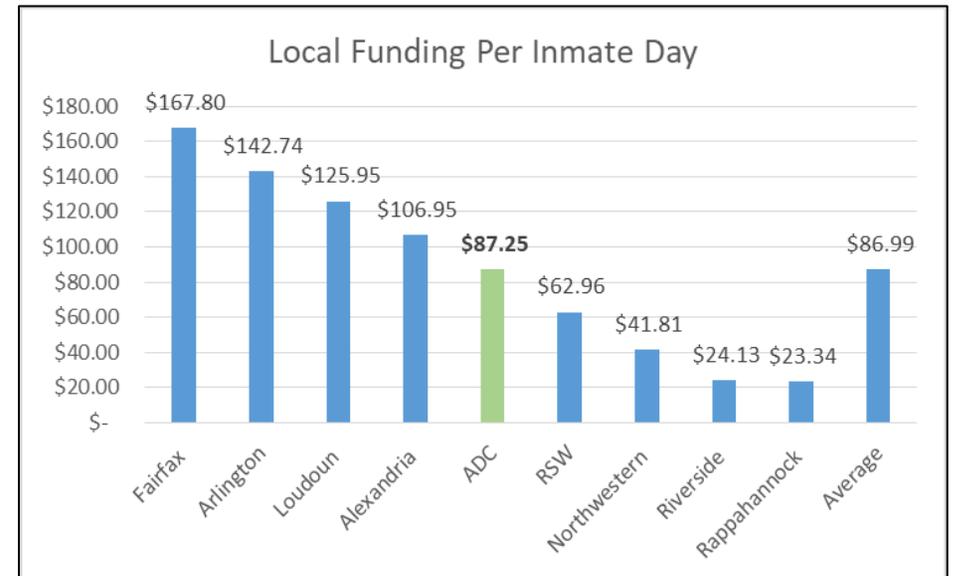
### Comparisons – Continued



On the funding (revenue) side, there is a similar trend in that the ADC falls in the middle of the respective prisons. ADC received \$127.07 in total funding per inmate day. The following items make up the funding sources:

- State
- Federal
- Local
- Non-local jurisdictional
- Out-of-state
- Work Release
- Other
- Local jurisdiction – Debt related
- Non-local jurisdiction – Debt related

Local funding from Prince William County, City of Manassas and the City of Manassas Park amount to \$87.25 per inmate day, which is 68.7% of the ADC's total revenue per day. State and federal funding does not cover the personnel costs of the ADC, and the discrepancy must be covered by local funding. The biggest driver of the local funding required is personnel costs. Local funding must cover the discrepancy between actual costs and the federal and state funding received. Jurisdictions with lower personnel costs therefore require less, if any, local funding.



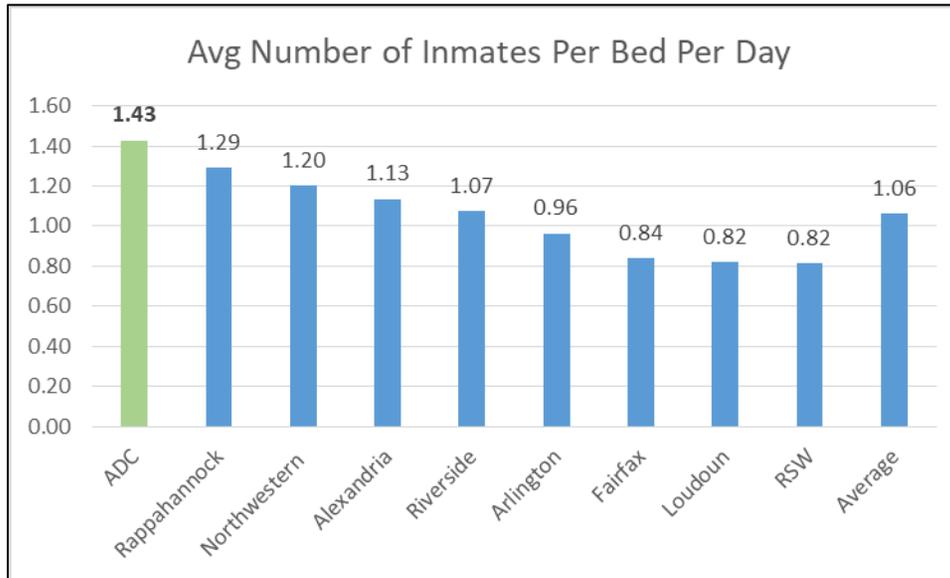


## BACKGROUND – CONTINUED

### Comparisons – Continued

Analysis was performed to determine the number of inmates per employee and the average number of inmates per bed per day. Data published in the *Jail Cost Report* was used to further substantiate the existence of overcrowding. The total number of inmates housed annually was divided by 365 to find the average number of inmates housed daily. The average number of inmates per bed per day was then calculated by taking the number of inmates per day and dividing it by the number of fixed beds (state-rated).

As shown below, the ADC has the highest average number of inmates per bed, per day.





## BACKGROUND – CONTINUED

### Revenue and Expenditure

Using data from the ADC's accounting system, as provided by the Director of Financial Services, for FY 2012 through FY 2016, the expenditure and revenue detail balances for 25 accounts were analyzed. Standard inflation, external political trends, economic factors, and known conditions specific to the ADC were considered in assessing the reasonableness of the account balance trends. The account balances listed below displayed material fluctuations or unpredicted trends, requiring further investigation and explanation as follows:

- **Salaries** – The largest expenditure for ADC is salaries, which increased from \$19.3M in FY 2012 to \$21M in FY 2016. These amounts increased at an expected rate of approximately 3% annually. While these expenditures are high they are consistent with other regional jails as determined in the benchmarking steps.
- **Repairs & Maintenance** – Repairs & Maintenance increased from \$164,377 in FY 2012 to \$338,768 in FY 2016. This expenditure account showed a marked increase of 106% from FY 2015 to FY 2016. These escalated expenditures were identified as part of the multiyear modular program to improve the ADC facility. While on-site at the ADC construction was observed to be underway, evidencing the existence of the recorded expense.
- **Other Federal Funds and Federal Per Diem** – Other Federal Funds decreased from \$391,962 in FY 2012 to \$196,997 in FY 2016. The portion of Federal funding directly allocated to the Federal Per Diem account also decreased, from \$258,641 in FY 2012 to \$42,861 in FY 2016. These funding sources relate primarily to the housing of immigrant inmates through ICE. Independent research corroborated this explanation as 915 inmates were reported as immigrant inmates through ICE in FY 2013 and 374 were reported in FY 2016.

## OBJECTIVES AND APPROACH

### Objectives

The objective of this internal audit was to evaluate the ADC by reviewing, benchmarking and analyzing comparative data of the ADC as compared to other organizations, including the ADC's use of funds in fulfilling the mission of the ADC. The scope of our work included the following:

- Gaining an understanding of applicable regulations and determine the extent to which the ADC complies with required regulations;
- Determining that policies and procedures are effective, documented and in place and evaluating the extent to which the ADC complies with its policies and procedures – such as assignment of the inmate jurisdiction at the time of commitment and nature of the case;
- Assessing controls around case file review as related to the assignment of an inmate jurisdiction;
- Assessing the completeness and accuracy of the jurisdiction billing process;
- Identifying and analyzing key performance indicators and benchmark of surrounding regional and local jails;
- Analyzing revenue and expenditure trends; and
- Assessing whether records and documentation are sufficient to establish an audit trail for all transactions associated with key processes, where applicable.

### Approach

Our audit approach consisted of the following three phases:

#### Understanding of the Process

The first phase of this audit consisted primarily of inquiry, in an effort to obtain an understanding of the key personnel, risks, processes, and controls relevant to the objectives outlined above. The following procedures were completed as a part of this phase:

- During the first phase of our approach, we met the appropriate ADC personnel to discuss the scope and objectives of the project, obtain preliminary data, and establish working arrangements;
- In order to obtain an understanding of the process and identify related controls, we conducted inquiries, obtained and reviewed detailed documentation and documented the process;
- Researched key performance indicators and obtained applicable statistics, financial statements, and other documents deemed necessary; and
- Reviewed the applicable agreement(s) between the ADC and County and other laws/regulations.

#### Benchmarking and Detailed Testing

The purpose of this phase was to review other regionally located jails to determine relevant trends. In addition, we tested several key processes over billing that we identified in the first phase. Below are brief descriptions of testing techniques utilized during the assessment.

- Reviewed the Commonwealth of Virginia Compensation Board's annual report over jails and perform the following procedures; including
  - Determined the daily costs to house an inmate and compare it to other regional prisons;
  - Determined the daily revenue per inmate and benchmark it to other regional prisons;
  - Obtained the number of inmates housed at the jails and compare that to the number of beds.
- Reviewed jurisdiction billing process and tested on a sample basis that inmates are properly assigned, and as such billed, to the correct jurisdiction.
- Tested that the jurisdiction billing process performed for FY 2017 is complete and accurate.
- Performed review of historical financial data to identify any unusual trends, investigate any anomalies.

#### Reporting

At the conclusion of this internal audit, we summarized our findings and observations into a written report. We have reviewed the results with the ADC and appropriate Management personnel, and have incorporated Management's response into this report.

## OBSERVATIONS MATRIX

Observation	1. Inmate Jurisdiction Assignment
<b>Moderate</b>	<p>A sample of 20 inmate commitments were selected for case file review, using a risk-based approach to select more complex arrest scenarios. The associated case file contents were inspected to validate that the appropriate jurisdiction was recorded within the Offender Management System. The jurisdiction assigned at the time of commitment governs the jurisdiction to be charged for the inmate's prisoner days. The following was noted as a result of testing:</p> <ul style="list-style-type: none"> <li>• For three of 20 sampled cases (15%), the appropriate jurisdiction could not be validated as the case file documents submitted by the initiating agency were incomplete – the charging warrants associated with the initial criminal act were not provided with the commitment card or probation violation charge warrant. As a result, the accuracy of the related jurisdiction billing could not be assessed. For these commitments, ADC followed internal policy of using the jurisdiction of the officer who brought the inmate into custody.</li> <li>• For two of 20 sampled cases (10%), the jurisdiction assigned did not agree to the jurisdiction indicated per the governing warrant. This resulted in inaccurate billing, as related to the two inmates, for both the City of Manassas and Prince William County. It is noted that both of these two commitments came in either from the court or a probation violation (as relevant to the bullet point above). However, the commitment card or probation violation warrant which came with the inmates did not explicitly or accurately indicate the jurisdiction assigned by the initiating agency. In these cases, ADC defaulted to the jurisdiction of the officer who brought the inmate into custody. However, the arrest warrants on file evidenced that an inaccurate jurisdiction was assigned. All five instances identified above involve commits which came into custody direct from the court or on probation violation charges. Based on system data generated from OMS, these type of cases made up 11.6% of the total population of commits for the most recent fiscal year. The ADC processed a total of 9,787 commits and 9,787 releases in Fiscal Year 2017.</li> <li>• Although the ADC Records Department does review the case file to validate that the jurisdiction assigned in OMS is appropriate based on the supporting files and warrants, there is no formal evidence of this review procedure. The current checklist form, which is signed and dated as evidence of this review, does not indicate this step.</li> <li>• Policies and procedures do not provide adequate guidance as to how the correct jurisdiction should be determined, particularly as it relates to the more complex commitment. For example:             <ul style="list-style-type: none"> <li>○ If a warrant indicates a citizen's name rather than a jurisdiction, the jurisdiction should be defined based on the location where the initial crime occurred. However, at the time of commitment there is generally not enough information to determine the location of the initial crime. There is no formal procedure that defines who is responsible for determining this information and revising the jurisdiction designation, if required.</li> <li>○ If an inmate is brought in from the Probation Office or from another initiating agency, the jurisdiction should be defined based on what is indicated per the initial arrest warrant. However, the PB-15 or Court Card may not specify the jurisdiction per the initial arrest warrant or provide enough information to tie back to the relevant warrant. As such, the ADC will default to the jurisdiction of the officer who brought the inmate into custody. There is no formal procedure which defines who is responsible for determining this information and revising the jurisdiction designation, if required.</li> </ul> </li> </ul> <p>An incorrect jurisdiction assignment results in inaccurate billing charges for the jurisdictions utilizing the ADC and misrepresentation of the funding source allocation.</p>



**OBSERVATIONS MATRIX – CONTINUED**

Observation	1. Inmate Jurisdiction Assignment – continued
<b>Recommendation</b>	<p>We recommend that the ADC:</p> <ul style="list-style-type: none"> <li>• Strengthen procedural documentation to provide more detailed guidance as to how the accurate jurisdiction should be determined, particularly as it relates to the more complex commitments. At a minimum, this should include formal procedures to define who is responsible and the process to determine this information and appropriately revise the jurisdiction designation, if needed. Such policies and procedures will serve to drive consistency and make the downstream jurisdiction billing process more transparent.</li> <li>• Implement a formal detective control to validate that the jurisdiction assigned in OMS (as entered at the “County Code” field within OMS) is appropriate based on the supporting files and warrants.</li> </ul>
<b>Management’s Action Plan</b>	<p><b>Response:</b> The ADC will modify the checklist forms to add a specific jurisdiction check, instead of a general implied check of inmate data. In addition, the procedure manual for Intake will be enhanced to include the explanation of jurisdiction assignment under differing scenarios. The process of assigning the correct jurisdiction to an inmate relies on complete and accurate information from the initiating agency, which may be the Magistrate, Courts, Probation, or others. Inconsistencies in the data are addressed in priority order, with those involving the detention of the inmate receiving the highest priority. The jurisdiction issue will be addressed at the next EBDM meeting, which involves all stakeholders in the local criminal justice system, stressing the importance of this data with the group. Exception reports will also be created within the jail system to highlight possible errors.</p> <p><b>Responsible Party:</b> ADC Director of Administration</p> <p><b>Estimated Completion Date:</b> December 31, 2018</p>



**OBSERVATIONS MATRIX – CONTINUED**

Observation	2. City of Manassas Park’s Prisoner Per Day Rate
<b>Low</b>	<p>There are five separate government entities which fund the ADC, each having its own process by which the amount due is determined. (Refer to Background section above for a summary of the billing processes.) Given that the City of Manassas Park does not own any portion of the ADC, a monthly invoice based on commit (incarcerated) days multiplied by the agreed upon rate per prisoner day is billed.</p> <p>As specific to the rate per prisoner day, we noted that there is no formal policy or procedure which defines how the rate is calculated and the frequency at which the rate is re-evaluated. If inmate costs were to rise drastically, there is no structured mechanism for the ADC to prescribe an increase in the rate charged to the City of Manassas Park. Currently, it costs approximately \$125 per day to house an inmate and the ADC collects \$87 from Manassas Park as negotiated in 2013 – a difference of \$38 per prisoner day. As noted in the Background section, the ADC’s expenditures have increased from \$38,858,073 in FY 2013 to \$41,445,509 in FY 2017.</p> <p>Although considering a state funded supplement of \$32 per day (as required per section §53.1-91 of the <i>Code of Virginia</i>) does reduce this gap to \$6, there is an opportunity for the ADC to better align the agreed upon rate with actual expenditures. The estimated cost savings for FY 2017 is \$67,890 (31 average daily inmate population x \$6 per day x 365 days).</p>
<b>Recommendation</b>	<p>We recommend that the ADC periodically assess the prisoner per day rate being billed to the City of Manassas Park, and build the ability to revise that rate into their formal agreement with the City of Manassas Park. The ADC should work with the City of Manassas Park to define and agree upon the conditions which would warrant a rate increase. With the construction of the Phase II expansion Capital Improvement Project scheduled for completion in early 2020, and the related increase in expenditures expected, it is an appropriate time to reconsider the City of Manassas Park’s prisoner per day rate.</p>
<b>Management’s Action Plan</b>	<p><b>Response:</b> The ADC uses §53.1-91 of the <i>Code of Virginia</i> to calculate the rate for Manassas Park. The ADC will develop a Standard Operating Procedure to address the rates charged to other jurisdictions for per diem revenue, as well as the timing for reviews. This will be presented to the Regional Jail Board at the September meeting for approval. The ADC will also meet with Manassas Park to discuss a planned increase in the per diem rate.</p> <p><b>Responsible Party:</b> Director of Financial Services</p> <p><b>Estimated Completion Date:</b> September 30, 2018</p>



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